

TOWN OF KEACHI, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUL 25 2012**

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

TOWN OF KEACHI, LOUISIANA

December 31, 2011

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Travis Whitfield, Mayor
and Members of the Town Council
Town of Keachi
Keachi, Louisiana

I have reviewed the accompanying financial statements of Town of Keachi, as of and for the year ended December 31, 2011. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated July 10, 2012 on the results of my agreed-upon procedures.

The budgetary comparison information on page 13 is not a part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit of review. Accordingly, I do not express an opinion or any other form of assurance on the supplemental information.

Marsha O. Millican

Certified Public Accountant
July 10, 2012

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

TOWN OF KEACHI, LOUISIANA

Statement of Net Assets

December 31, 2011

ASSETS	
Current Assets	
Cash	\$ 352,519
Investments	<u>21,349</u>
Total Current Assets	<u>373,868</u>
Noncurrent Assets	
Restricted cash	30,360
Capital Assets, net	<u>443,517</u>
Total Noncurrent Assets	<u>473,877</u>
Total Assets	<u>\$ 847,745</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accruals	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balances	
Invested in Capital Assets, net of related debt	443,517
Reserved for Construction	30,360
Unreserved	<u>373,868</u>
Total Net Assets	<u>\$ 847,745</u>

See accompanying notes and accountant's review report.

TOWN OF KEACHI, LOUISIANA

**Statement of Activities
For the Year Ended December 31, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Operating Grants	Capital Grants and Contributions	Total	
Governmental Activities:					
General Government	\$ 35,719	\$ -	\$ -	\$	(35,719)
Interest on Long-Term Debt	-	-	-		-
Total Governmental Activities	\$ 35,719	\$ -	\$ -	\$	(35,719)
General Revenues:					
Occupational Licenses				\$	9,693
Intergovernmental					25,000
Franchise Taxes					10,918
Sales Taxes					82,109
Land Lease					81,021
Miscellaneous					3,007
Total General Revenues					211,748
Change in Net Assets					176,029
Net Assets, beginning of year					671,716
Net Assets, end of year				\$	847,745

See accompanying notes and accountant's review report.

TOWN OF KEACHI, LOUISIANA

**Balance Sheet
Governmental Fund
December 31, 2011**

ASSETS	
CURRENT ASSETS	
Cash	\$ 352,519
Investments	<u>21,349</u>
Total Current Assets	373,868
OTHER ASSETS	
Restricted Cash	<u>30,360</u>
Total Assets	<u>\$ 404,228</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accruals	\$ -
Fund Balance	
Committed	30,360
Unassigned	<u>373,868</u>
Total Fund Balance	<u>404,228</u>
Total Liabilities and Fund Balances	<u>\$ 404,228</u>

See accompanying notes and accountant's review report.

TOWN OF KEACHI, LOUISIANA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Total Fund Balance for Governmental Funds **\$ 404,228**

**Total Net Assets for governmental activities in the
statement of net assets is different because:**

**Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the funds.**

443,517

Total Net Assets of Governmental Activities

\$ 847,745

See accompanying notes and accountant's review report.

TOWN OF KEACHI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:	
Occupational Licenses	\$ 9,693
Intergovernmental	25,000
Franchise Taxes	10,918
Sales Taxes	82,109
Royalties	81,021
Miscellaneous	<u>3,007</u>
Total Revenues	<u>211,748</u>
Expenditures:	
Current:	
General Government	<u>328,911</u>
Total Expenditures	<u>328,911</u>
Net changes in fund balance	(117,163)
Fund Balances, Beginning of Year	<u>521,391</u>
Fund Balances, End of Year	<u>\$ 404,228</u>

See accompanying notes and accountant's review report.

TOWN OF KEACHI, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2011**

Net changes in Fund Balances - Total Government Funds	\$ (117,163)
-------------------------------------------------------	--------------

The change in Net Assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlay as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlay (\$ 300,073) exceeds depreciation
(\$6,881).

293,192

Net Assets of Governmental Activities	<u>\$ 176,029</u>
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See accompanying notes and accountant's review report.

TOWN OF KEACHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

The Town of Keachi was incorporated in 1858 and was reincorporated under Legislative Act 109 of 1873 and is not subject to the Lawrason Act. The Village operates under a Mayor-Town Council form of government. The Village's major operations include public works, and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Town of Keachi have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Athens is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town of Keachi may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

C. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets, Exhibit A, and the Statement of Activities, Exhibit B) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items are reported instead as general revenues.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

TOWN OF KEACHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town of Keachi reports the following governmental funds:

Governmental Funds

Governmental funds account for all or most of the Town of Keachi's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

General Fund - is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Town of Keachi prepares and adopts a budget each year for its general and special revenue funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Village amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

TOWN OF KEACHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Town of Keachi, Louisiana defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Town of Keachi had no receivables at December 31, 2011.

H. Capital Assets

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, 10 to 25 years for the distribution system and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

TOWN OF KEACHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Town of Keachi has no full-time employees. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time deposits, and certificates of deposit. Under state law the Town of Keachi may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, accounts totaling \$376,738 were secured by FDIC insurance and deposits of \$27,560 were unsecured.

NOTE 3 CAPITAL ASSETS

A summary of the Town of Keachi's capital assets at December 31, 2011 follows:

	Balance <u>Jan. 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2011</u>
Government Activities				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	142,824	293,927	436,751	-
Capital Assets, being depreciated				
Furniture & Fixtures	-	6,147	-	6,147
Buildings and other improvements	-	436,751	-	436,751
Less accumulated depreciation	-	(6,881)	-	(6,881)
Total Capital Assets, net	<u>\$ 150,324</u>	<u>\$ 729,944</u>	<u>\$ 436,751</u>	<u>\$ 443,517</u>

TOWN OF KEACHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 3 RISK MANAGEMENT

The Town of Keachi is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

TOWN OF KEACHI, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
GENERAL FUND
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes, Licenses, and Permits	\$ 91,000	\$ 91,000	\$ 102,720	\$ 11,720
Intergovernmental	25,000	25,000	25,000	150,000
Royalty Income	-	-	81,021	81,021
Miscellaneous	100	100	3,007	2,907
Total Revenues	<u>116,100</u>	<u>116,100</u>	<u>211,748</u>	<u>95,648</u>
Expenditures				
General Government	<u>330,400</u>	<u>338,050</u>	<u>328,911</u>	<u>9,139</u>
Total Expenditures	<u>330,400</u>	<u>338,050</u>	<u>328,911</u>	<u>9,139</u>
Net Change in Fund Balances	(214,300)	(221,950)	(117,163)	104,787
Fund Balances, Beginning of year	<u>521,391</u>	<u>521,391</u>	<u>521,391</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 307,091</u>	<u>\$ 299,441</u>	<u>\$ 404,228</u>	<u>\$ 104,787</u>

TOWN OF KEACHI

**Schedule of Compensation Paid -
Mayor and Town Council
For the Year Ended December 31, 2011**

Honorable Travis Whitfield, Mayor	\$ 300
Jeanette Avila	300
Chad Burford	225
Lorice Pipkin	300
Audrey Rachal	300
Angela Toney	<u>275</u>
Total	<u>\$ 1,700</u>



Marsha O. Millican

INDEPENDENT ACCOUNTANT'S REPORT

Independent Accountant's Report on Applying Agreed-Upon Procedures

Honorable Travis Whitfield, Mayor
and Members of the Town Council
Town of Keachi
Keachi, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Town of Keachi, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town's compliance with certain laws and regulations during the year ended December 31, 2011, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000 and determine whether such purchases were made in accordance with LSA-RS 38:221-2296.

The Village made expenditures of \$293,927 for public works. I examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of R.S. 38:221-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each council member as defined by LSA-RS 42:1101-1124, and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided the requested list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided a copy of the original and the amended budgets.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 2, 2010, I traced the adoption of the amended budget to the minutes of a meeting held on December 1, 2011.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues. Actual expenditures were less than budgeted amounts.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for six selected disbursements and found that payments were for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

The six selected disbursements were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

The six selected disbursements were traced to the Town's minute book where they were approved by the Town Council.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12.

The Town is only required to post a notice of each meeting and the accompanying agenda on the door of the Town's office building. Management has informed me that these documents were properly posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

I examined payroll records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Keachi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant
July 10, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE

June 29, 2012

Marsha O. Millican, CPA
810 Wilkinson Street
Shreveport, LA 71104

In connection with your review of our financial statements as of December 31, 2011, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 29, 2012.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

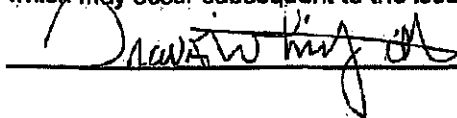
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Mayor

TOWN OF KEACHI, LOUISIANA

Schedule of Findings

For the Year Ended December 31, 2011

Finding # 2011 - 1

Condition:

The segregation of duties is inadequate to provide effective internal control.

Cause:

The condition is due to space and economic limitations.

Recommendation: Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the independent accountant do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan:

We agree with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

Finding #2011-2

Condition:

State Law requires public deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2011, deposits totaling \$27,560 were not secured and were subject to risk.

Cause:

The cause is due to oversight by management.

Recommendation: I recommend the Town comply with State Law and insure that all deposits of the Town are secured.

Management's Response and Corrective Action Plan:

We agree with the finding. We will comply with State Law and insure all deposits of the Town are secured.

TOWN OF KEACHI, LOUISIANA

Corrective Action Taken on Prior Year Findings

For the Year Ended December 31, 2011

FINDING #2010-1:

The segregation of duties is inadequate to provide effective internal control.

STATUS: Unresolved.

FINDING #2010-2:

The Town is not in compliance with the State Budget Law.

STATUS: Resolved.